GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1841
ANSWERED ON:14.03.2017
Changes in Business of FPI
Maadam Smt. Poonamben Hematbhai

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government proposes to bring any changes in business in the Food Processing Industry after 100 per cent Foreign Direct Investment (FDI) was allowed in the sector and if so, the details thereof;

(b) whether any assessment has been made to ascertain the impact of the new policy on domestic Food Processing Industry and the farmers and if so, the details thereof; and

(c) the corrective measures taken by the Government to protect small and medium food processing enterprises in view of the new policy?

Answer

(a) : 100 per cent Foreign Direct Investment has been permitted in food manufacturing sector through automatic route. Recently, Government has allowed 100 per cent Foreign Direct Investment through government approval route in trading, including through e-commerce in respect of food products manufactured and/or produced in India. The Ministry is also taking a number of steps to attract Foreign Direct Investment in the food processing sector. The Ministry has simplified procedures and processes to make it easier for investors and a special fund of Rs. 2000 Crore has been created in NABARD to make available affordable credit to designated food parks and processing units to be set up therein, Bank loans to food and agro-processing units and cold chain has been classified as agricultural activities for Priority Sector Lending. Government has also provided various fiscal incentives to make food processing sector attractive for investment.

(b) & (c): The policy of encouraging Foreign Direct Investment in food processing sector benefits all segments of domestic food processing industries, small, medium and big as well as farmers. The flow of Foreign Direct Investment helps in bringing new technologies, new products, new processes, new markets and investment in backward and farm-gate infrastructure in the supply chain benefitting farmers and processors and creating employment in the country.